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CURRENT SUPPORT BRIEF

ELECTROLYTIC ZINC NOW IN PRODUCTION IN EAST GERMANY

OFFICE OF RESEARCH AND REPORTS

CENTRAL INTELLIGENCE AGENCY

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ELECTROLYTIC ZINC NOW IN PRODUCTION IN EAST GERMANY

Despite a conspicuous lack of raw material resources and technical and economic difficulties, East Germany finally has accomplished some domestic zinc production. 1/ The event has been heralded by the East German press and radio as an important contribution to the present goal of making the economy "immune to disruption" and as achievement of the frequently expressed desire of East Germany to become more self-sufficient in nonferrous metals and minerals. 2/ However, East Germany's supplies and imports of zinc probably will not be drastically changed.

The first cathode zinc was produced in the new electrolytic zinc refinery, Feinzinkhuette, Freiberg, in September, 1961. This event climaxed a ten year effort on the part of East Germany to replace some of its former zinc producing capacity, all of which was lost or dismantled as a result of World War II. In addition to zinc, important by-products, such as sulfur, cadmium, indium, and an intermediate product containing germanium, also are to be extracted. 3/ By 1963, the annual production of primary zinc is planned to be 16,000 tons and of sulfuric acid, 68,000 tons. 4/ This quantity of zinc, however, is extremely small compared to the estimated 340,000 and 176,000 tons produced in the USSR and Poland respectively in 1960.

The construction of the refinery has had a long and spasmodic history and has involved a total investment of approximately 140 million DME. The project was initiated in 1950-51 but was abandoned in 1953 after an expenditure of 19.5 million DME. 5/ From 1956, when work on the refinery was resumed, to 1960, about 80 million DME were invested--about 50 million DME for the refinery, 15 million DME for the sulphuric acid plant, and 13 million DME for a power plant. When the plant is completed in 1963, total investments since 1956 are planned to be 120 million DME.* 6/

The refinery has been constructed despite a lack of adequate domestic raw materials of zinc. Most of the zinc resources of pre-war eastern Germany were located in territory now under Polish jurisdiction. At present, the domestic resources consist solely of low grade zinc sulfide ores at Freiberg plus residues with a very low zinc content from the Mansfeld copper shales and from an old dismantled zinc refinery formerly at Magdeburg. The Freiberg zinc ores are found in association with lead in complex polymetallic deposits and have been mined and stockpiled over the years in conjunction with the mining of lead. Approximately 3,500 tons to 4,000 tons of zinc in concentrates have been set aside annually for the new refinery. 7/ These stockpiled reserves will suffice for but a few years' operations and will be costly to process. In 1955, when the selling price of zinc was about 510 DME, zinc produced in a pilot plant from these low grade resources cost 3,000 DME per ton. 8/

East German press announcements to the contrary, production from the new plant will not be sufficient for East Germany to be independent from the need to import zinc. Annual imports have increased from 20,800 tons in 1956 9/ to about 33,600 tons in 1960, 10/ and, in addition to production from the new plant, 46,600 are planned to be imported in 1965, 11/ primarily from the Bloc. Of the 33,600 tons imported in 1960, 23,800 were from the USSR 12/ and 4,300 from Poland; 13/ in 1965, 37,000 tons are planned to be imported from the USSR. 14/

* At the 1959 commercial rate of exchange of 2.2 DME per US \$1.00, 120 million DME = about US \$54.5 million.

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Analyst:

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